

DOCUMENT RESUME

ED 164 021

JC 790 020

AUTHOR Bers, John A.
TITLE Tying Resources to Results: Integrating the Resource Allocation Process into Planning and Management in a Public Two-Year College.
INSTITUTION Gadsden State Junior Coll., Ala.
PUB DATE Jul 78
NOTE 50p.; Paper presented to the American Educational Research Association Special Interest Group for Community Colleges (Williamsburg, Virginia, July 18-19, 1978)

EDRS PRICE MF-\$0.83 HC-\$2.06 Plus Postage.
DESCRIPTORS *Budgeting; Community Colleges; Cost Effectiveness; *Educational Finance; *Finance Reform; Financial Policy; *Financial Problems; *Junior Colleges; Needs Assessment; Resource Allocations; *Retrenchment; Teacher Participation

ABSTRACT

A budgetary process that serves a college in an era of expansion is likely to break down when the resource base is reduced and tough-minded decisions about priorities are required. This paper describes a resource allocation system that Gadsden State Junior College developed and tested over a two-year period to respond to fiscal contraction. Key elements of the system are an enrollment-driven program costing procedure, a faculty-based Priorities Advisory Committee, and integration of budgeting with the college's planning system to permit resource allocations to be related to attainment of institutional goals and priorities. Outlined are definitions of specific problems; objectives of the budgetary process; three alternative approaches to incremental budgeting--outcome-oriented budgeting, formula budgeting, and cost analysis; methodology of incorporating the best of each approach into the budget process; and results of Gadsden's experience. It is concluded that (1) financial contraction alone doesn't necessarily lead to a re-examination of programs in relation to the educational outcomes which are produced or the community needs served; (2) formula budgeting combined with cost analysis seems to fit the needs of the college's administrators; and (3) the "homegrown" process is responsive to the unique needs and the style of the college. A bibliography is included and appendices contain policies and procedures and operational data. (Author/MB)

* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *

ED164021

TYING RESOURCES TO RESULTS

Integrating the Resource Allocation Process into
Planning and Management in a Public Two-Year College

by

"PERMISSION TO REPRODUCE THIS
MATERIAL HAS BEEN GRANTED BY

John A. Bers

TO THE EDUCATIONAL RESOURCES
INFORMATION CENTER (ERIC) AND
USERS OF THE ERIC SYSTEM."

John A. Bers
Director of Planning and Research
Gadsden State Junior College

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
EDUCATION

THIS DOCUMENT HAS BEEN REPRO-
DUCED EXACTLY AS RECEIVED FROM
THE PERSON OR ORGANIZATION ORIGIN-
ATING IT. POINTS OF VIEW OR OPINIONS
STATED DO NOT NECESSARILY REPRESENT
OFFICIAL NATIONAL INSTITUTE OF
EDUCATION POSITION OR POLICY

Paper Presented To

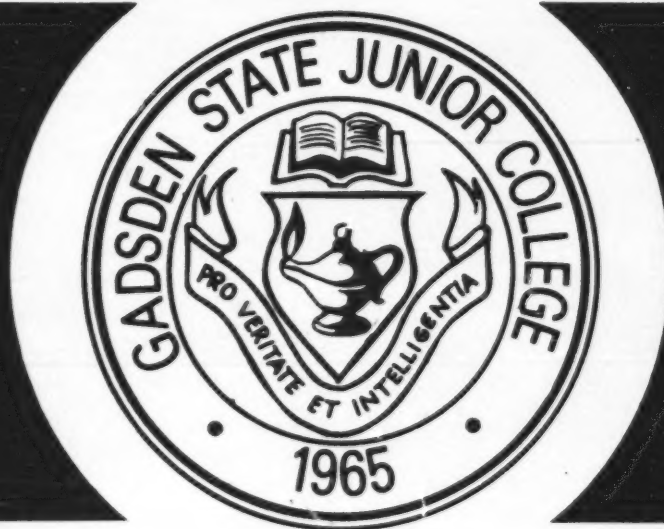
The American Educational Research Association
Special Interest Group for Community Colleges

Southeast Region

Williamsburg, Virginia

July 18-19, 1978

JC 790 020



GADSDEN, ALABAMA

TYING RESOURCES TO RESULTS
Integrating the Resource Allocation Process into
Planning & Management in a Public Two-Year College

by John A. Bers
Director of Planning & Research
Gadsden State Junior College
Gadsden, Alabama 35903
July 18-19, 1978

ABSTRACT

A budgetary process that serves a college in an era of expansion is likely to break down when the resource base is reduced and tough-minded decisions about priorities are required. This paper describes a resource allocation system that Gadsden State Junior College developed and tested over a two-year period to respond to fiscal contraction. Key elements of the system are an enrollment-driven program costing procedure, a faculty based Priorities Advisory Committee, and integration of budgeting with the college's planning system to permit resource allocations to be related to attainment of institutional goals and priorities.

CONTENTS

Problem Definition	1
Objectives	8
Theoretical Framework	10
Methodology	16
Results	21
Conclusions	28
References	30
Appendices	31

TYING RESOURCES TO RESULTS
Integrating the Resource Allocation Process into
Planning & Management in a Public Two-Year College

by

John A. Bers
Director of Planning & Research
Gadsden State Junior College

PROBLEM DEFINITION

As with other administrative processes forged and tempered in the fire of reality, the budgetary process at Gadsden State has had an innate wisdom to it, serving the college well in an important period of its development. In its first ten years of existence (1965-75), as enrollment mushroomed from 750 in 1965 to a peak FTE enrollment of 4,570 in the spring quarter of 1974-75, each budget submitted by the college was balanced and approved by the State Board of Education without amendment; resources were applied where they were needed; and in fact, the college was able to save up a little each year for the future.

In those heady years budgeting was a rather mechanical process, more an ex post facto affirmation of decisions made earlier than a critical decision-making process in itself. Even where funds available fell somewhat short of all needs, across-the-board cuts proved a reasonably equitable budget balancing technique and did not really cripple any program's effectiveness.

Times, of course, have changed. Enrollment has come down from its peak of 4,570 FTE to 3,677 FTE in the Fall of 1977. In each of the past

two years, the college has had to dip deeply into the reserves it had worked so long to build up just to make ends meet. By the end of the 1977-78 academic year the reserves will be about depleted, and yet the college still finds itself saddled with most of the staff and other cost commitments it had when the enrollment was at its peak. Reasons for the enrollment decline are simple enough to identify: the apparent saturation of the local high school graduate market, the leveling of the number of high school graduates, the drastic cutback in veterans' educational benefits for those discharged ten or more years earlier, and a more restrictive application of state appropriation guidelines for continuing education programs. And while it is true that state appropriations and student tuition have risen dramatically in the past four years (a 60% increase per FTE student), mandated salary increases and the cost of goods and services purchased by the college have nearly offset these gains. In the present environment of scarcity, the device of balancing the budget through across-the-board cuts in existing cost centers or simply not funding new programs may not be possible without crippling the effectiveness of essential programs and services. Now, for the first time, the budgetary process would have to include a tough-minded analysis of priorities.

Finding ways to balance the budget without crippling the institution was only the most easily recognized and immediate problem caused by the diminishing resource base. Surveys and extensive interviews with the Business Manager, deans, and selected division chairpersons revealed that several other problems which had existed all along were aggravated by the reduction in financial resources.

The first of these might be called "hardening of the commitments." The budgetary process of the previous ten years was incremental: a program

administrator would begin building his proposed budget from whatever his current budget was. Incremental budgeting saved labor because the budget manager, as well as those who reviewed and approved his budget, needed to concern themselves only with departures from current spending patterns. Incremental budgeting is in a sense budgeting by exception. The problem with such a process in an environment of scarcity is that it tends to reinforce or extend the status quo and thereby dry up the funds available for new programs or opportunities that may be in the long-run interest of the college. The perceived necessity to "cover" every existing program first, to take care of the existing payroll, puts an unsustainable burden of justification on the proposer of a new program, even though the new program might in fact be more justifiable than certain existing programs. It can in fact be argued that when the current markets are declining, more rather than fewer resources should be committed to research into new needs and the development of new strategies for meeting them. And so just as the college was beginning to experience declines in traditional enrollment sectors, its budgetary process was impeding the search for new markets and the adaptation of its programs, practices, and people to serving them.

A second problem that was being aggravated as the resource base contracted was, who is responsible for allocating resources among programs and within programs. When the college was smaller and simpler and resources were not highly restricted, it was possible for the President, the Business Manager, and few key administrators to make informed budgetary decisions for each program. As the college grew larger and more complex, the President and key administrators found that they could no longer understand the detail of each program and therefore came to rely upon division chairmen, program coordinators, and other lower level administrators. But the practice of

going up through channels to justify each request for personnel, equipment, and other major expenditures persisted. As long as sufficient resources were available, this process of justifying each specific request was merely uncomfortable. But by 1976 when the problem had become one of where to cut back, the question of who does the cutting--the person closest to the action or one who is further removed--had become critical.

A third problem aggravated by a diminishing resource base was the uncertainty both about the level of future income and the costs of new programs and projects. When resources were relatively plentiful, the college could enter into new programs without great concern about whether their costs could be paid out of the college's revenues. But when resources are scarce, great precision is required in anticipating both costs and income before commitments can be made. Even though Gadsden State is publicly supported, there are immense uncertainties surrounding the level of support which it can expect. About 20% of the college's income is from tuition, which is based upon future enrollment, itself difficult to predict due to the college's open-door policy. The remaining 80% of the college's income is by appropriation from the State of Alabama, and this appropriation depends upon, among other things, the financial condition of the state's educational trust fund, the size of the annual legislative appropriation to the junior college system, the formula by which the junior college funds are distributed to individual junior colleges, the total enrollment in the Alabama junior college system, and the proportion of all junior college students attending Gadsden State. At best the college knows what its appropriation will be for the next year at the beginning of that year. There are no assurances about appropriations beyond one year.

The uncertainties surrounding the costs of programs and projects which the college may want to put into place are almost as great. While there is a state-wide salary schedule which helps the college to calculate faculty salary costs, when the college is planning non-traditional programs involving new combinations of services from various departments of the college, the college can only guess at the full human and physical costs which these new programs will entail.

The uncertainties about future revenues and future costs tended to place a premium on short-run commitments. Month-to-month or year-to-year leases came to be favored over purchases; part-time instructors, who are employed for a quarter at a time, were favored over full-timers. The luxury of having these sorts of short-term commitments sometimes came at a considerable price. But the most serious consequence of uncertainty about resources and resource requirements is the impediment it puts in the way of long-range program planning. Without reasonable assurance of a steady, reliable flow of income, the college became reluctant to launch new programs, with their often heavy start-up costs and delayed returns, preferring instead programs with more immediate returns and fewer risks.

Fourth, the diminishing resource base raised questions about program efficiency and exposed important disincentives for efficiency in the existing budgetary process. Specifically, an incremental budgetary process, where next year's budget is mainly determined by the level of this year's budget, tends to perpetuate the inefficient program. The fairly expectable across-the-board cut of budget requests unfairly penalizes the conservative budgeter while encouraging the budget padder. At the end of the year, unencumbered funds in any program budget revert to the general fund for reallocation to the following year's budget. The prospect of this reversion penalizes the

budget manager who has conserved his resources in two ways: by taking away money he has saved and by giving him a lower current year base as a starting point for defending next year's budget request. The traditional one-year time horizon of the budget cycle also encourages funding of programs that appear favorable in the short-run but whose more burdensome long-run costs are hidden while discouraging funding of programs with high start-up costs but greater benefits in the long-run.

At the same time its resources began to level off, Gadsden State had completed the design of a formal institutional planning system with the support of Title III Advanced Institutional Developmental funds and was proceeding to install the new system. The planning system lacked a crucial element, however, the whole process of allocating resources to programs. The college's Committee on Institutional Planning (CIP), appointed by the President to provide oversight and guidance to the planning process, recognized that the real planning decisions were being made, deliberately or by accident, at the time resources were allocated. Unless the budgetary process could be tied to the planning system, the planning system would be eventually disregarded. The Committee also recognized that the budgetary process that had served the college well during its ten years of steady growth was already strained and would probably soon break down as the resource base grew increasingly tight. Accordingly, in the Fall of 1976 the CIP appointed a taskforce to thoroughly review the existing budgetary process, to study alternative processes in successful operation elsewhere, and to develop and recommend to the CIP a new budgetary process that would be integrated into the planning system and could be put into effect in time to use in formulating the fiscal year 1978 budget.

In its review of the existing budgetary process the taskforce found that surely, replacing the existing budgetary process with a new one was not in and of itself the answer to the whole range of problems created by the financial contraction. But, the taskforce believed that it was reasonable to expect that a new budgetary process for Gadsden State would help the college achieve the following objectives:

OBJECTIVES

1. The budgetary process should provide an orderly procedure by which the college can apply the resources necessary to optimize achievement of its central educational mission and highest priorities despite the reduced resource base.

Thus, under the new budgetary process, the administrators of all programs, both existing and newly proposed, should be given the opportunity to compete for scarce resources by demonstrating how their program will advance the college toward the achievement of its central objectives. In so doing, the process would be expected to reward those who conserve resources and control their costs rather than the squeaky wheels and big spenders. It would be highly desirable as well if all relevant parties--administrators, faculty, staff, students, and community--had an opportunity to play a meaningful role in determining the allocation of resources.

2. The process should give program managers at all levels the authority and responsibility to allocate the full range of resources available to them so as to optimize results.

In effect, the budgetary process should put the program manager "in business for himself." It should give him an opportunity to "earn" money for his program by producing credit hours or other units of output, to keep the money he can save by cutting costs in one area so that he can reallocate it to another where it is needed more. Given a fixed total budget for his program, surely the program manager is in a better position than, say, the President or Business Manager to make the sensitive trade-offs between class size, faculty workload, hiring a part-time instructor versus a full-time instructor, hiring one with a doctorate versus one with a masters, purchasing some new equipment, or retaining funds to meet an anticipated need next year. The process should untie as many constraints as possible from the program manager's authority to allocate resources as he sees fit.

3. The budgetary process should include both a revenue projection model and a costing procedure which will enable the college to accurately determine the resource requirements of programs and projects before a commitment is made to them.

Such a procedure would reduce the risks entailed in making major long-range commitments to programs or personnel. If, for example, a program manager could accurately project the resource requirements of a new program or project over, say, a five-year period rather than the traditional one-year period, the college may find that a program that appears overly costly or risky to start up or to maintain for just one year is actually a more productive long-range investment than the program that appears to be a bargain over the shorter run.

THEORETICAL FRAMEWORK

The taskforce analyzed three alternative approaches to incremental budgeting with respect to their efficiency in achieving the project objectives: outcome-oriented budgeting, formula budgeting, and cost analysis. The advantages and disadvantages identified in each approach are summarized below.

Outcome-Oriented Budgeting

In outcome-oriented budgeting approaches, whether Planning-Programming Budgeting Systems (PPBS), Zero-based budgeting or some other variant, resource requirements are determined by establishing goals and objectives, generating and costing out alternatives for achieving them, and then selecting the alternative that maximizes the attainment of the objectives while minimizing cost. In one of the most compelling arguments for outcome-oriented budgeting, Dale McConkey likens resource allocation in the public sector to portfolio management. He views top management as an investor in a portfolio of businesses who seeks to maximize his return on investment (McConkey, 1974). He advocates that top management establish competition for its resources by demanding that each program administrator demonstrate how he will use the resources he is requesting to help achieve corporate objectives.

Outcome-oriented budgeting, in theory at least, solves the problem of "hardening of the commitments" by calling into question every commitment, placing existing programs at exactly the same advantage or disadvantage as newly proposed ones in the competition for resources. Such competition is not without its costs, however. Organizations have been known to go to great lengths to avoid the bloody internal battles for scarce resources

that sometimes produce lasting battle scars. Secondly, some commitments, such as salary and fringe benefits for tenured staff, are not so easy for the institution to extricate itself from. Even when an institution decides to cut off a program completely, substantial costs may continue to accrue (Dressel, 1976, p. 21).

Outcome-oriented budgeting also takes on the problem of organizational size and complexity by forcing the program administrator to translate the internal complexity of his operation into a common language of costs and benefits that can be understood by those responsible for allocating resources. In the field of education, however, this is very difficult to achieve. As with many of the human services, it is difficult unambiguously to relate resource inputs to client outcomes. A relationship has yet to be established, for example, between faculty workload and the amount of student learning taking place. As well, there remains considerable disagreement about how to measure educational outcomes or even about which educational outcomes are being sought.

Outcome-oriented budgeting increases incentives for efficiency by stressing the generation of alternative program strategies and comparing their costs and benefits and by creating competition for resources. On the other hand, some forms of outcome-oriented budgeting, particularly zero-based budgeting, probably increase the uncertainty about resources available, particularly if they are carried out every year. Having to justify his program from the ground up each year can have the effect of reducing the willingness of the program administrator to make long-range commitments, producing the ironic result of reducing productivity in the long run. This uncertainty can be reduced substantially using one variation of zero-based budgeting

in which each manager is asked to prepare, say, three budgets, a minimal budget, a maintenance budget, and an expansion budget (Harvey, 1978).

Finally, outcome-oriented budgeting maximizes the potential for educational accountability by using results produced as a basis for allocating resources. But even apart from the problems of defining educational results, the accountability aspect of outcome-oriented budgeting comes up against some hard political realities. Since in the Southern Region community college resources are almost universally allocated at the state level by formula, all the documentation of positive educational outcomes in the world won't increase an institution's allocation. And it could actually be financially counterproductive to maintain an outcome-oriented resource allocation system within the institution when state funds are allocated, for example, on the basis of credit hours produced.

Formula Budgeting

Formula budgeting, used today or about to be used by every state in the Southern Region for allocating resources among public two-year colleges, reduces and contains, but never entirely eliminates, political judgments from funding decisions by relying upon a formula based on enrollments and sometimes other quantifiable factors. An important attribute of formula budgeting is that it generally relies upon actual funding levels in a well-defined base period in order to establish funding levels for future time periods or for similar institutions. Because it relies upon actual, and presumably relevant historical experience, formula budgeting provides some assurance of an "adequate" level of funding to the institution or program. It is hard for a program administrator, a president, or a politician to argue against a funding level that was sufficient in some commonly accepted similar situation elsewhere.

One of the foremost advantages of formula funding is the opportunity it affords the program administrator to allocate resources within his program as he sees fit. The program administrator could survive with his budget allocation by complying with all the assumptions built into the formula or by attempting to replicate the conditions prevailing in the base period. On the other hand, he has the freedom of action to depart from these assumptions or base period conditions provided only that he stays within his total budget.

Another major advantage of formula funding is that, provided the budget year is reasonably similar to the base period from which the formula was derived, formula funding minimizes uncertainty about future resources available by reducing the necessary calculations to a very small number of variables such as enrollment. Thus, formula funding can permit a more predictable planning environment in which decisions can be made and resources committed with some degree of assurance that the resources available will be adequate to carry them out. On the other hand, formula funding loses much of its usefulness when the program at hand is a new one with no precedent to use as a basis for projecting costs. And formula funding, like incremental budgeting, breaks down when large departures in enrollment or resources are encountered, since it relies upon data from a "base period" that presumably resembles the budget year at hand.

A well constructed enrollment driven formula, unlike an incremental model, does not reward inefficiency or padding. However, unlike outcome-oriented budgeting, formula funding does little to reward efficiency, since the same amount is allocated for a given enrollment level regardless of either the efficiency with which it is applied or the desirability of the results obtained. Both formula and incremental budgeting emphasize spending the money made available rather than optimizing results.

With respect to accountability formula funding is "zero-based" in the sense that allocations are proportional to, say, enrollment or credit hour production; as enrollment goes up or does so do resources. But credit hour production is a better measure of work performed than educational results produced, so that formula funding does not directly reward the production of educational outcomes. Still, a formula approach can be made compatible with state-wide allocation formulas (since both are enrollment-driven) so that the factors that drive program allocations will not be working at cross-purposes with those that drive institutional allocations, as could be the case with outcome-oriented budgeting.

Cost Analysis

None of the three approaches discussed so far directly answers the question, what should a program cost, or what should be allocated to it. In both formula and incremental budgeting, the point of reference for what a program should cost is whatever it did cost, either in the base period (formula budgeting) or last year (incremental budgeting). Proponents of outcome-oriented budgeting advocate that programs be costed out from scratch, but stop short of indicating how this is to be accomplished. Top management may end up relying upon the judgment of the program administrator who prepares the budget request. For these reasons, many authorities have advocated various forms of cost analysis, the breaking down of programs into components to which an agreed-upon cost can be attached. These cost analysis models have sometimes become highly complex, requiring sophisticated data bases and computer hardware and software. Montgomery caustically criticizes cost analysis as costing more in effort and paperwork than it saves (Montgomery, 1977). In principle, however, cost analysis can help administrators zero

in on costs relatively quickly, thus limiting the rancorous debate and the influence of political factors that may plague both incremental and outcome-oriented budgetary processes. In Dressel's view (Dressel, 1976), using cost analysis in constructing a formula-driven budgeting process yields about the best of possible worlds, given the present limited state-of-the-art in educational cost-benefit analysis.

METHODOLOGY

It was clear to the taskforce that all four approaches to budgeting--the incremental process (currently in use), outcome-oriented budgeting, formula budgeting, and cost analysis--have their limitations as well as strengths. The taskforce's intention in the Fall of 1976 was to incorporate the best of each approach into the new resource allocation process. The new process was written up as a policy statement (cf. Appendix 1), and then circulated throughout the administration for review and revisions before being submitted to the Committee on Institutional Planning and in turn to the President for final approval. The policy closely paralleled the five-stage budget model proposed by Dale McConkey (McConkey, 1974, pp. 45-50):

1. Formulation of institutional planning and budgeting guidelines
2. Preparation of program plans and budgets
3. Review, consolidation, and approval of program plans and budgets
4. Implementation of program plans

Each of these steps is described in greater detail below as well as in the policy statement.

Step 1: Formulation of Institutional Planning and Budgeting Guidelines

The college had already gone through the process of identifying key environmental developments and assumptions and formulating institutional goals, objectives, performance indicators, and priorities during the implementation of its planning system. This information became the core of the planning and budgeting guidelines. This core was supplemented with enrollment projections, revenue projections, inflation projections, and budget targets, all projected over a five-year planning horizon.

--Enrollment Objectives: In projecting long-term enrollment trends, the college used Carnegie Council Forecast #3 for public two-year colleges after confirming that the Carnegie assumptions about nation-wide enrollment trends also applied to the college's service area (cf. Appendix 2a).

--Revenue Projections: Tuition, state appropriations, and other sources of revenue were projected for the five-year planning period based upon the enrollment projections and upon the assumption that the pattern of distribution of state funds would remain constant (cf. Appendices 2a and 2b).

--Inflation Projections: To project the rate of inflation over the five-year planning horizon, the college used data from the HEW document, Higher Educational Prices and Price Indexes (Halstead, 1975, 1976, 1977). The annual rate of inflation for the five-year planning period was assumed to be equal to the most recent five-year historical average inflation rate, with separate rates projected for salary costs, utility costs, and other non-salary costs.

--Budget Targets: There was considerable debate over the advisability of assigning budget targets for any program. While the budget policy itself was deliberately non-committal on this point, the Budget Review Committee (discussed below) decided to establish budget targets for each of the college's five major program areas. In this respect the college departed from McConkey's recommendation that no initial budget targets be established and that every program compete for all of the funds available. In setting these budget targets, the college was acknowledging in advance that whatever it did in the future, it would continue to need an instructional program, a library, a division of student services, a business office, and administrative and support services. The budget targets for these areas

were established by using the same proportional allocation that these areas had received in the past. The reasonableness of these proportions was confirmed by noting that they fell well within the interquartile range recommended by the Southern Association of Colleges and Schools (Southern Association, 1977) (cf. Appendices 2c, 2d, and 2e).

Step 2: Preparation of Program Plans and Budgets

As a part of the college's planning system, each administrator had already formulated goals, five-year objectives, performance indicators, and priorities for his program within the framework of the institutional planning guidelines, and had proposed new programs and projects needed to achieve his goals and objectives. In keeping with the widely accepted proposition that planning should precede budgeting, the budget policy called for each administrator to build his budget requests around the plans he had formulated.

Step 3: Review, Consolidation, and Approval of Program Plans and Budgets

The policy anticipated that, as in any healthy organization with limited resources, the funds available will fall short of the budget requirements of all worthy programs and projects. Therefore, the policy established a review mechanism in which each dean was given the authority and responsibility to consolidate program plans and budgets and to set priorities among them in order to insure that the overall budget for his area would fall within his budget target. To handle priority areas and new ventures that individual deans could not afford to support, the policy set aside a venture fund amounting to 5% of each year's anticipated revenues for which administrators could compete. The venture fund preserves the concept of competition for resources and preserves the incentive for program administrators to respond to new needs and priorities above and beyond their normal operations even

in times of financial contraction. To recommend allocations from the venture fund, the policy established a Priorities Advisory Committee consisting of administrators and representatives elected by the faculty. This committee provides a vehicle for the faculty to participate in overall decisions about resource allocation. Consolidated budgets along with recommended priorities are submitted to the President and then through proper channels to the State Board of Education for final approval.

Step 4: Implementation of Program Plans

Once their plans and budgets are approved, the policy gives program administrators the authority and responsibility to deploy the resources allocated to them to achieve program objectives. To provide an incentive for efficiency and conservation of resources, program administrators may carry forward unexpended balances to the following year if justified. The policy calls for the monitoring of progress toward objectives on a regular basis, and the business office provides each cost center a monthly budget control report. If unanticipated problems, needs, opportunities, or other developments occur during the year, the policy calls for the Priorities Advisory Committee to be reconvened to consider the advisability of transferring funds among programs. The policy requires that each year program plans and budgets be updated or revised as necessary and extended for an additional year to maintain the five-year time horizon.

As planned, the budgetary policy was put into operation in time for the development of the FY 1978 budget. Since the issuance of the policy, it was found that one other element was needed to minimize confusion and reduce the burden of data manipulation placed on program administrators and higher management alike--an instructional costing model. Patterned after

the Resource Requirements Prediction Model (long method), the model was designed to project instructor salary costs based upon input from division chairmen, with the concurrence of the Dean of Instruction, on projected enrollment, class size, contact hours, faculty workload, desired mix of full-time to part-time faculty, and desired average faculty compensation for each department (cf. Appendix 3). Although tenure and salary commitments ruled out immediate implementation, the college is using it to establish long-range instructional cost targets to be achieved through attrition, retraining, and reassignment of faculty where they are needed.

RESULTS

In the fall and winter of 1977, the Committee on Institutional Planning reconvened the budgetary taskforce to conduct an interim review of the new budgetary process, and to recommend any revisions it considered necessary. In conducting its review the taskforce asked for the views of all of the participants in the process and compared the approved budget for the new year with the requests made by program managers and the recommendations made by the Priorities Advisory Committee. The taskforce's evaluation of the process was limited by the fact that the college had not yet completed a full budget year. However, since the convening of the taskforce, the college has nearly completed a budget year, making possible a more complete picture of the results.

With respect to the first objective of the budgetary process--to provide an orderly procedure with which the college could apply available resources to optimize achievement of its mission--the new budgetary process has not made it any less painful for the college to confront the financial contraction before it. Although program administrators were expected under the new process to balance their budgets over a five-year planning period, they have found it difficult enough to balance them for just the first year. So far the relatively easy steps have been taken: increasing faculty workload to four sections per quarter, cutting back on part-time faculty, not replacing attrition, and reducing non-salary expenditures. The college has still before it the more difficult decisions about cutting back, and given its highly labor-intensive budget, these are going to have to involve personnel reductions in some form or another. But the new process has succeeded in making budget managers at every level aware of the full dimensions of the

financial contraction. It has opened up the budget itself, the sources and uses of funds, the assumptions, the projections, and the whole budgetary decision-making process to study and participation by faculty and first and middle level administrators as well as key administrators. The process has helped to reduce the suspicion that resources were being held back, squirreled away, or squandered on "pet projects."

One of the major disappointments of the new process has been that restrictive financial conditions have not led to a re-examination of programs in terms of educational results produced. One of the primary premises behind the new process was that the best way to survive through financial contraction is to review programs in terms of educational outcomes produced and needs met, and then to budget accordingly. That premise has not proven particularly workable in practice. Formulating goals and measuring performance have come to be seen as a rather fruitless burden, irrelevant to obtaining resources. When one faces the hard facts of the matter, there are few forces in the college's environment that would compel it to achieve educationally identifiable results, while there are plenty of constraints that work the other way.

The biggest constraint was the college's existing commitments--to tenured faculty, to the maintenance of the physical plant, etc.--that made it impractical, if not illegal, to begin and to terminate programs at will.

A second constraint is the state funding formula; what is funded is credit hours produced, not educational outcomes produced, and in a period of financial contraction the college was hardly about to take any steps that might reduce its total credit hour production.

A third constraint was the administrative structure itself. The college is organized, as are most community colleges, by activity centers or cost centers rather than by "programs." These activity centers produce credit hours (academic units) or perform tasks such as registration, counseling, maintenance of plant, etc. Only in rare instances are the administrative units of the college organized around institutional goals. One such unit is the Career Education program, and here the process of relating resources expended to student educational and occupational outcomes produced worked effectively. But in most instances the achievement of a specific institutional goal was the shared responsibility of a number of different administrative units, making it extremely difficult to relate the resources allocated to any one unit to the achievement of institutional goals.

A fourth constraint upon achieving accountability was the lack of really hard data on educational outcomes. The Office of Planning & Research had provided the college information from student surveys reporting the degree to which exiting students felt they had attained their educational goals and their degree of satisfaction with various programs and services, but the information lacked sufficient reliability and credibility. Efforts have been undertaken since then to assess actual student success through one-year follow-up questionnaires and employer surveys.

A second disappointment was that the concept of the venture fund yielded to financial expediency. The administrator of a very large program area found that he could not "live" within his budget target and had to apply for venture fund money just to meet what he claimed were his basic operating expenses. Faculty members on the Priorities Advisory Committee did not feel that they could publicly contradict this administrator and therefore voted

to apply the venture fund to meet his expenses. Those who had "played the game," had held within their budget targets, or had applied for money from the venture fund to support genuine new ventures, felt embittered and somewhat betrayed by the whole process.

The second objective of the process was to put each program manager "in business for himself;" to delegate to him the maximum possible authority to allocate the full range of resources at his disposal so as to optimize results. On the whole, the budgets prepared by the program managers and the priorities recommended by the Priorities Advisory Committee were approved and put into effect. In the ten months of the budget year to-date the programs have been able to function within their budget allocations without disruptions. For the first time program managers were given the opportunity to include equipment requests in their budgets instead of requesting equipment from a separate fund. This measure further increased the range of resources over which program managers have allocational authority. The five-year time horizon and particularly the provision for carrying forward unexpended balances gave program managers both the opportunity and the incentive to conserve resources from year to year and to plan for long-range programmatic modifications.

The delegation of budgetary authority did not proceed completely smoothly, however. Some administrators still report that they must reapply for and rejustify expenditures that had been included in previously approved budgets, while others are still succeeding in getting resources through end runs around the process. In arriving at initial targets the Priorities Advisory Committee found itself bogged down in all sorts of financial details, such as which bus routes could be dropped, which should have been handled by

program managers themselves. The overwhelming detail distracted the Committee from its basic function of setting priorities for the allocation of resources institution-wide. In response to this problem the taskforce recommended the establishment of a second committee, a Budget Review Committee, consisting of the key administrative officers to assume the responsibility of actually preparing the institutional budget. The Budget Review Committee, appointed in the second year of the new process, has freed up the Priorities Advisory Committee to concentrate on the larger issues. The application of Southern Association expenditure guidelines in establishing budget targets in the second year also helped to relieve the two budget committees of burdensome details and internal strife.

The third objective of the process was to provide the college a more accurate projection of the future resource requirements of existing and proposed programs and the future revenues available to the college. The assumptions and the projections of enrollments, revenues, and inflation rates turned out to be very accurate, as shown in Table 1 below. These projections succeeded in focusing serious attention on key medium to long-range trends in enrollments, revenues, costs, inflation rates, and other major variables and created a broad acceptance of the concept of enrollment-driven program costing and funding. Although program administrators are balancing their budgets for just one year at a time, they consider the five-year perspective valuable in helping to make more immediate decisions and resource commitments. Where resource requirements have been projected (instructional salaries) they have shown the college the way to reduce expenditures without impairing effectiveness by demonstrating where cuts can be made and by providing the documentation for making them. The college is now actively

TABLE 1Projected vs. Actual Financial Data for FY 1978

Gadsden State Junior College

	Projected	Actual	Difference (%)
Enrollment ¹	3,236	3,134	- 3.2%
Revenues ²	4,466,799	4,408,261	- 1.3%
Inflation ³	6.6%	6.4%	- 3.0%

¹ Average FTE enrollment over fall, winter, and spring quarters (Summer FTE enrollment not available as of this writing.)

² Fund 1: Educational and General

³ Non-salary items (salary increases established by State Board of Education), taken from Halstead, 1976, 1977.

considering methods for determining resource requirements in the less thoroughly charted waters of administrative and support expenditures. A management consulting firm has been asked to prepare a proposal for a costing system for support personnel.

CONCLUSIONS

Three conclusions were drawn from the resource allocation project at Gadsden State. First, financial contraction alone doesn't necessarily lead to a re-examination of programs in relation to educational outcomes produced or community needs served. The hoped-for linkage between resources consumed and outcomes attained, as measured by such instruments as student follow-up questionnaires, has not been achieved. Given the line-up of forces arrayed against it, meaningful accountability may not take hold until external agents such as taxpayers, students and other consumers, and elected and appointed government officials demand it. Perhaps that day is not too far off. Nonetheless, an orientation toward outcomes has been a useful mental exercise in itself, helping administrators to clarify their needs, desires, and priorities and has encouraged a more thoughtful and precise analysis of alternatives, costs, and effectiveness.

Second, the project confirms Dressel's conclusion that formula budgeting, combined with some judiciously chosen, broadly understandable cost analysis, seems to fit best the needs of the college's administrators. It has reduced the uncertainties, the variability, and the burdensome calculations of a pure outcome- or zero-based budgeting process. Yet it has retained the zero-based element of accountability by relating resources obtained to units of work performed, if not results produced. And it has in effect put the program manager in business for himself by giving him the opportunity to both "earn" and save money for his program and to spend it so as to optimize his results.

The third conclusion concerns a process issue. The new resource allocation process at Gadsden State is homegrown. The administration has struggled

not only with the allocation of resources under the new process but with every step in the development of the process itself. As a result, the process is responsive to the unique needs, the soft spots, and the style of Gadsden State Junior College. It suits well the college's present level of budgetary and managerial sophistication, the relative priority of political, financial, and educational concerns, the state funding mechanism and other environmental issues, and the college's financial health. The new process wasn't quite the reinvention of the wheel that it may seem; the college actually "rediscovered" many of the concepts incorporated into processes in place elsewhere. Although it took longer to evolve a homegrown product than to adopt a ready-made one, the extra time and effort paid off with a process that is used and valued.

REFERENCES

Dressel, P. and L. A. K. Simon, Allocating Resources Among Departments, "New Directions for Institutional Research," No. 11, Autumn, 1976, San Francisco: Jossey-Bass.

Educational and General Expenditures of Member Institutions (3rd ed.), Southern Association of Colleges and Schools, Commission of Colleges, Atlanta, GA, Dec., 1977.

Halstead, D. Kent, Higher Education Prices and Price Indexes, U. S. Department of HEW, U. S. Government Printing Office, 1975, supplements: 1975, 1976, 1977.

Harvey, L. J., Zero-Based Budgeting, Advanced Institutional Development Program, Two-Year Grantee Colleges--Title III, Washington, D. C.: McManis Associates, Vol. III, No. 3, 1978.

Marshall, J. S., "Resource Allocation in State Colleges and Universities," in Allocating Financial Resources to Higher Education, Conference Proceedings, G. N. Drewry and C. P. Sellers, ed., University of Alabama College of Education, Dec., 1977.

Montgomery, James, "The Nature and Applications of Formulas in Allocation," in Allocating Financial Resources to Higher Education, Conference Proceedings, G. N. Drewry and C. P. Sellers, ed., University of Alabama College of Education, Dec., 1977.

APPENDICES

Appendix 1: File 510: Policy on Budget Preparation, Review and Consolidation

Appendix 2: Institutional Planning and Budgeting Guidelines

- 2a: File 31.001: Basic Social, Educational, Political, and Economic Assumptions
- 2b: File 55.001: Five-Year Revenue Projections
- 2c: Memorandum from President RE: Submission of 1978-83 Plans and Budgets
- 2d: File 92.001: 1978-83 Budget Guidelines
- 2e: File 92.005: Budget Targets, 1978-83

Appendix 3: Instructional Costing Model

- 3a: File 77.001: Procedures used for Determining Sections, Faculty, and Salary Requirements for Instructional Programs
- 3b: File 77.110: Class Scheduling Guidelines--Division of Business
- 3c: File 88.110: Projected FTE Instructor Requirements--Division of Business
- 3d: File 98.110: Projected Instructor Salary Requirements--Division of Business



Appendix 1

POLICIES & PROCEDURES

ORIGINATOR: President *ADK*
DISTRIBUTION: 3/All Policies & Procedures Manuals
SUBJECT: Policy on Budget Preparation,
Review and Consolidation

	THIS	REPLACES
FILE:	510	510
DATE:	1/31/78	2/7/77
PAGE:	1 OF 4	1 OF 5

BACKGROUND

Each year the President is responsible for preparing and recommending to the State Superintendent of Education an annual budget for Gadsden State Junior College. Formulating a budget that makes the most efficient and effective use of the taxpayers' money and student tuition has been rendered both more important and more difficult in today's environment by several developments: the increasing size and complexity of the College's operations, a diminishing resource base, rising costs and unprecedented official scrutiny of the expenditures of public educational institutions.

In this environment of scarce resources the College can afford to fund only those programs and projects that make the greatest contribution to institutional goals and priorities. For this purpose the College requires an orderly procedure which gives managers at each level the opportunity to compete for available resources by preparing and recommending budgets to support programs and projects within their area of responsibility. The College requires as well a procedure to review all proposed programs and projects (both new and existing), to set priorities among them based on their contribution to institutional goals and objectives, and to recommend to the President a consolidated institutional budget. Finally, the College requires a procedure to ensure that, once budgets have been approved, a proper balance is preserved between the authority and responsibility of program managers to allocate budgeted resources to achieve program objectives and the ability of the College to redeploy allocated resources in response to unanticipated needs and opportunities.

POLICY

Administrators at each level in the College will formulate plans and budgets in compliance with institutional planning guidelines to support the programs and projects for which they are responsible. Following review and consolidation of the proposed plans by higher level administrators, a Priorities Advisory Committee will review all proposed plans and make recommendations concerning priorities for funding. These recommendations will be forwarded to a Budget Review Committee, which will develop a preliminary institutional budget. The President will review the preliminary budget, make any changes he deems necessary, and submit the finalized budget to the State Superintendent of Education. Approved budgets will be subject to revision if unanticipated needs or opportunities arise subsequently.

GUIDELINES

1. Formulation of Institutional Planning Guidelines.

This step will produce the essential information which will enable program managers to formulate their five-year plans:



POLICIES & PROCEDURES

Appendix 1

ORIGINATOR: President *Adm.*
DISTRIBUTION: 3/All Policies & Procedures Manuals
SUBJECT: Policy on Budget Preparation,
Review and Consolidation

	THIS	REPLACES
FILE:	510	510
DATE:	1/31/78	2/7/77
PAGE:	2 OF 4	2 OF 5

- (1) A five year projection of student enrollment and demand for each instructional program. Due to the many uncertainties about future student demands, these projections will be ranges rather than point values.
- (2) A range of anticipated resources based on the enrollment projections. At this point the President will determine the amount to be set aside for contingencies and emergencies. The balance will be available for allocation to programs and projects.
- (3) A set of institutional objectives and priorities that represent the best possible fit between the opportunities and constraints of the environment and the capabilities and resources of the College. (These objectives are based on the preceding steps in the planning process: environmental assessment, projection of assumptions, and analysis of historical performance and opportunities for the future (SWOTS).)
- (4) Additional institution-wide assumptions, such as inflation and cost projections.
- (5) Budget guidelines, based on recommendations by the Budget Review Committee, for each major program area: Instruction, Adult and Continuing Education, Learning Resources, Student Services, Administration, and Operation and Maintenance.

2. Preparation of Program Plans and Budgets.

Each program manager will prepare program and project plans based on the budget guidelines. Program plans will include five-year program objectives, strategies, schedules, and a five-year operational and capital outlay budget. Core instructional program budgets will be based on enrollment and demand projections, institutional objectives, and budget guidelines; service instructional program budgets will be based on the requirements of the core programs, and support program budgets will be based on the requirements of the instructional programs. Plans for new programs will be prepared in the same manner as those for existing programs. Plans will be prepared on forms provided by the College.

3. Review of Program Plans and Budgets.

It can be expected that, as in any healthy organization, the funds available to the College will fall short of the budget requirements of all worthy program proposals. It will be necessary, therefore, to provide a budget review mechanism in which all programs, both new and existing, will compete for available resources based on the extent to which they will contribute to institutional objectives and priorities. This mechanism will be provided through two committees, the Priorities Advisory Committee and the Budget Review Committee.



POLICIES & PROCEDURES

Appendix 1

ORIGINATOR: President *Adm.*
DISTRIBUTION: 3/All Policies & Procedures Manuals
SUBJECT: Policy on Budget Preparation,
Review and Consolidation

	THIS	REPLACES
FILE:	510	510
DATE:	1/31/78	2/7/77
PAGE:	3 of 4	3 of 5

The Priorities Advisory Committee will consist of the two Associate Deans, the Director of Planning and Research (as a non-voting resource person), and six faculty members. The faculty members will be chosen as follows: For the first year each division will elect one nominee by secret ballot. The Student Services Division and the Learning Resources Center will meet together and nominate one professional staff member to represent them. The ten nominees will stand for the election at an at-large meeting of the faculty. The six nominees with the most votes will be elected to the Committee. The two receiving the highest number of votes will serve for three years, the two receiving the next highest number of votes will serve for two years, and the other two will serve for one year. In subsequent years, the nomination procedure will remain the same, but only the two faculty members receiving the highest number of votes will be elected to fill the two vacant positions on the Committee. Only professional staff listed on the faculty in the College Catalog are eligible to serve on the Committee or to vote in the election.

After program plans and budget requests have been reviewed and consolidated by supervisors into area-wide plans (Instruction, Adult and Continuing Education, Learning Resources, Student Services, Administration, and Operation and Maintenance), the Priorities Advisory Committee will review program plans according to the following criteria:

- (a) To what extent does the proposed program advance the College toward the achievement of institutional objectives and priorities?
- (b) Is the proposed cost justified by the returns, both educational and financial?
- (c) How does the proposed cost compare to that of previous years, and of comparable programs, at Gadsden State or elsewhere?
- (d) How credible are the objectives, given historical performance levels?
- (e) What would be the effect on program outcomes and costs of transferring resources from one program to another?

As a part of this review process, the Priorities Advisory Committee may ask particular administrators to revise their plans to bring about changes in funding levels or program outcomes. Based upon this review, the Priorities Advisory Committee will prepare recommendations concerning the long-range allocation of resources to achieve the institution's goals, including the establishment of new programs, the continuation of effective and relevant programs, and the modification or phasing out of ineffective or irrelevant programs.

The recommendations of the Priorities Advisory Committee will be received by a Budget Review Committee consisting of the three deans, the Business Manager, and one other administrator appointed by the President to represent programs that are outside the jurisdiction of the deans or Business Manager. The Budget Review Committee will actually consolidate the plans and budgets into a preliminary institution-wide plan and budget, taking into account the recommendations of the Priorities Advisory Committee.



POLICIES & PROCEDURES

Appendix 1

ORIGINATOR: President *QATC*
DISTRIBUTION: 3/All Policies & Procedures Manuals
SUBJECT: Policy on Budget Preparation,
Review and Consolidation

	THIS	REPLACES
FILE:	510	510
DATE:	1/31/78	2/7/77
PAGE:	4 OF 4	4 OF 5

4. Approval and Publication of the Institutional Plan.

The preliminary institutional plan and budget will be transmitted to the President for final review and necessary adjustments. The President will submit the finalized institutional budget to the State Superintendent of Education for approval. Upon its approval, the proposed plan will become the College's five-year plan to take effect the following September 1st. The President will publish and distribute to the campus community an Executive Summary of the five-year plan and a supplementary report summarizing the key issues raised during the planning process by program managers, the Priorities Advisory Committee, and the Budget Review Committee.

5. Implementation of Program Plans.

Once their plans and budgets are approved, program managers will have the authority and responsibility to deploy the resources allocated to them to achieve program objectives. Monitoring of program implementation will occur on a regular basis according to section 100 (Evaluation) of the management/planning process. If new needs or opportunities arise during a budget year that require substantial immediate funding, the Priorities Advisory Committee will be reconvened to recommend the best way to transfer funds allocated to other programs, based on the impact of the transfer on their performance. To provide an incentive for conserving resources, if a program manager has unexpended funds remaining in his budget at the end of the budget year, he may carry them over to the next year provided he justifies this carry-over through channels to the President.

The budgetary process will be carried out in accordance with the Management Planning Activity Schedule (Planning Book File 00.4).



OPERATIONAL DATA

Appendix 2a

ORIGINATOR: President *Adams*
DISTRIBUTION: All Planning Book Holders
SUBJECT: Basic Social, Educational, Political
& Economic Assumptions

	THIS	REPLACES
FILE:	31.001	30.001
DATE:	4/5/78	3/23/77
PAGE:	1 OF 3	1 OF 2

The following social, educational, political and economic assumptions are being used throughout the College for the purposes of projecting enrollments, revenues, and expenditures and for developing and scheduling academic programs. A deviation from any one of these assumptions will have a significant impact on the projections. Therefore, when any such deviation is observed the projections should be adjusted accordingly:

A. Assumptions about Enrollment¹

1. The number of public high school graduates in the Gadsden State service area will remain approximately at 1977 levels through 1983. (See File 32.001)
2. The rate of student participation in college in the Gadsden State service area is for all intents and purposes the same as rates in other areas of the nation.
3. The impact of the community college movement on college participation stabilized by 1968; therefore, the trends in the share of students enrolled in different types of post-secondary institutions (universities, private colleges, community colleges, etc.) during the 1968-73 period will continue through 1985.
4. 1968-73 increases in the enrollment of part-time, non-degree, older (22+), female, and minority students will continue through 1985.
5. The relatively conservative Series F Census Bureau population projections are reasonably accurate.
6. Enrollments will not be affected by developments in the labor market through 1985.
7. There will be no significant changes in life style which would affect College participation rates between now and 1985.
8. The draft will not be resumed between now and 1985.
9. High school graduation rates will remain constant through 1985.
10. Federal educational policy will not shift in such areas as veteran education benefits, students aid, etc.
11. Present economic conditions will continue through 1985 with a rate of inflation of about 7% and a growth in the real GNP of 3.5%.

¹Assumptions 2-11 based on assumptions underlying nationwide enrollment projections of community colleges in More than Survival: Prospects for Higher Education in a Period of Uncertainty. The Carnegie Foundation for the Advancement of Teaching, 1975, pp. 44-46--59-64 (Forecast 3).



OPERATIONAL DATA

Appendix 2a

ORIGINATOR: President *Adams*
DISTRIBUTION: All Planning Book Holders
SUBJECT: Basic Social, Educational, Political
& Economic Assumptions

	THIS	REPLACES
FILE:	31.001	30.001
DATE:	4/5/78	3/23/77
PAGE:	2 OF 3	2 OF 2

12. Students will continue to distribute themselves among programs, centers, quarters, and full vs. part-time status in the same proportions as in the years 1971-72, 72-73, 73-74, and 75-76. The academic year 1974-75 is considered unrepresentative of long-range enrollment trends due to the impact of the veterans' ten-year delimiting data on veteran enrollment.

B. Assumptions about Revenues

1. Consumer Price Index

The annual percentage increase in the Consumer Price Index from FY 78 through FY 83 will be equal to the average annual percentage increase in the CPI from 1973 to 1977: 7.38%²

2. Special Education Trust Fund-Receipts

Net annual receipts into the Special Education Trust Fund will grow in direct proportion to the Consumer Price Index through 1983. (Based on informal discussions with Legislative Fiscal Office.)

3. Junior College Appropriation

3a. The FY 79 Junior College Appropriation will be as passed by the House of Representatives on March 29, 1978: \$39,550,000.

3b. The Junior College Appropriation from FY 80 to 83 will remain at the same proportion to the Trust Fund as the FY 74-79 average proportion: 3.36%.

4. Junior College Funding Formula

The Junior College Funding Formula for FY79-83 will remain the same as in FY78: \$200,000 base, with the remainder allocated in proportion to total credit hour production in the preceding year.

5. Gadsden State's proportion of State-Wide Credit Hour Production

5a. FY 78 Credit Hour Production for both Gadsden State and the Junior College System will be in the same proportion to Fall and Winter Credit Hour Production as it was in the average proportion over FY 76 and FY 77. As a result, Gadsden State will produce 10.52734% of the state-wide credit hours in FY78.

5b. Gadsden State will produce the same proportion of state-wide credit hours in FY79 as in FY78.

²Higher Educational Prices and Price Index, U.S. Dept. of HEW, 1977 Supplement, Table B, p. 10.



OPERATIONAL DATA

Appendix 2a

ORIGINATOR: President *axe*
DISTRIBUTION: All Planning Book Holders
SUBJECT: Basic Social, Educational, Political
& Economic Assumptions

	THIS	REPLACES
FILE:	31.001	30.001
DATE:	4/5/78	3/23/77
PAGE:	3 OF 3	1,2 OF 2

5c. Gadsden State will produce the same proportion of state-wide credit hours in FY80-83 as the average proportion for FY 77, 78, 79.

6. Income from Tuition and Fees

6a. The tuition rate will not be increased by the State Board of Education through FY 83.

6b. Tuition income in FY 78-83 will be based directly upon projected full and part-time enrollment in degree programs.

6c. Income from fees in FY 78-83 will remain in the same proportion to head-count enrollment as in FY 77.

7. Income from Other Sources

Annual Investment income (\$12,000) assumes investable cash-on-hand of \$2000,000 drawing 6% interest.

C. Assumptions about Expenditures

1. FY 78 Expenditures

FY 78 expenditures will be a straight-line projection of actual disbursements through February 28, 1978.

2. Salaries FY 79-83

2a. FY 79 salaries for all personnel will increase 10% over FY 78 salaries. (For detailed program budget preparation, the salary increases earmarked by the House of Representatives in the FY 79 Education Budget should be used.)

2b. In FY 80-83 salaries of all personnel will be increased in proportion to the projected annual increase in the Consumer Price Index (cf. Assumptions about Revenues No. 1 above): 7.38%.

3. Non-salary Items, FY 79-83

Prices of non-salary items will increase at the same rate as their average increase in FY 73-77:

Natural Gas:	26.4%
Commercial Power:	11.3%
All Other Items:	7.8% ³

³ Source: Higher Educational Prices and Price Index; 1977 Supplement, Tables C, 9.



ORIGINATOR: President *ROSC*
 DISTRIBUTION: All Planning Book Holders
 SUBJECT: Five-Year Revenue Projections: Fund 1¹

PLANNING PROFILE

THIS REPLACES
 FILE: 55.001 55.001
 DATE: 4/18/78 4/5/78
 PAGE: 1 of 1 1 of 1

Source of Revenue	HISTORICAL				CURRENT YEAR 77-78	FUTURE				
	FOURTH YR. 73-74	THIRD YR. 74-75	SECOND YR. 75-76	LAST YR. 76-77		NEXT YR. 78-79	SECOND YR. 79-80	THIRD YR. 80-81	FOURTH YR. 81-82	FIFTH YR. 82-83
1 Tuition & Fees	774000	959000	1,097,092	927,819	969,928	999,940	1,029,833	1,069,705	1,089,577	1,119,887
2 Governmental Appropriations										
3 Federal										
4 State	1,908,000	2,281,000	3,428,000	2,814,094	5,123,083	5,910,877	5,997,956	6,292,983	6,609,805	6,950,008
5 Local										
6 Governmental Grants & Contracts										
7 Federal ²	168,000	110,000	53,000	37,687	31,250	12,000	12,000	12,000	12,000	12,000
8 State										
9 Local										
10 Private Gifts Grants & Contracts										
11 Sales & Services of Educational Activities	75,000	63,000	80,000	72,635	72,000	72,000	72,000	72,000	72,000	72,000
12 Other Sources (investments, misc.)	8,000	19,000	20,000	15,377	12,000	12,000	12,000	12,000	12,000	12,000
13										
14 Total Unrestricted Revenues	2,934,000	3,432,000	4,678,092	3,867,612	4,082,261	5,006,827	5,123,774	5,419,686	5,795,392	6,165,895
15										
16 ¹ For explanation of revenue projections, see File 10.001, 4/5/78.										
17 ² Includes nursing capitalational, indirect cost allowances for federal programs (\$12,000/yr).										
18										
19										

Appendix 2b

Gadsden State Junior College

GEORGE WALLACE DRIVE • GADSDEN, ALABAMA 35903



MEMORANDUM

TO: All Planning Book Holders

FROM: A. D. Naylor *ADN*

DATE: May 30, 1978

RE: Submission of 1978-83 Plans & Budgets

It is time once again to request that you prepare and/or consolidate a five-year plan for your area of responsibility. With the advice of both the faculty--through the Priorities Advisory Committee--and the Administration--through the Budget Review Committee--I am establishing the enclosed budget guidelines and targets for the 1978-83 planning period.

I thought you might be interested in knowing the steps by which the budget targets were arrived at:

- (1) Anticipated revenues for the five-year planning period (File 55.001) were based upon the college-wide assumptions (File 31.001) and enrollment objectives (File 52.001).
- (2) A contingency fund amounting to 2% of anticipated 1978-79 revenues was set aside. If any funds are drawn from the contingency fund during the year, it should be replenished to the 2% level the following year out of new revenues.
- (3) A venture fund amounting to 5% of anticipated revenues was set aside to support priority needs that are in excess of each program area's budget target. The Priorities Advisory Committee will be asked to make recommendations concerning the allocation of the venture fund.
- (4) The remaining 93% of anticipated revenues was divided into the five major program areas in the same proportion as they received in the 1977-78 budget. These proportions are well within the range recommended by the Southern Association of Colleges and Schools (Dec., 1977) for associate degree granting institutions with enrollments between 2500 and 5000.

Should you have specific questions or problems please contact your supervisor, the Business Manager, or the Director of Planning & Research.



OPERATIONAL DATA

Appendix 2d

ORIGINATOR: A/President *CDM*
DISTRIBUTION: W/All Planning Book Holders
SUBJECT: 1978-83 Budget Guidelines

	THIS	REPLACES
FILE:	92.001	92.001
DATE:	5/30/78	5/17/77
PAGE:	1 of 2	1 of 1

BUDGET TARGETS:

The budget for each of the five major program areas should fall within the budget shown on File 92.005 (5/30/78).

CARRY-FORWARD OF 1977-78 BALANCES:

If you anticipate a balance in your 1977-78 budget by September 30, 1978, carry it forward and incorporate it into your 1978-83 budget request. If you anticipate an over-expenditure of your 1977-78 budget by September 30th, deduct the overage from your 1978-83 budget request.

VENTURE FUND:

Additional funding, if needed, should be requested from the Venture Fund.

INFLATION FACTORS:

1. 1978-79 Salary Increase: Increase 1978-79 wages and salaries of all personnel by 11% over 1977-78 levels (as called for in the State Department of Education's recommended salary schedule). Actual salary increases will be calculated by the Business Office in September when details of the salary schedule are available.
2. 1979-83 Salary Increases: Increase wages and salaries of all personnel by 7.38% per year over the previous year (projected cost-of-living increase).
3. Non-salary Items: Apply the following inflation factors to all non-salary items each year through 1982-83:

Natural Gas:	26.4%
Commercial Power:	11.3%
All Other Items:	7.8%

FORMAT:

The following documents should be submitted by each administrator, coordinator, and division chairperson consolidated to his own level of responsibility.

1. Executive Summary (Planning Book File 110).
2. Pertinent documents from Planning Book such as mission, goals, performance indicators, objectives, responsibility profiles, and any other pertinent supporting material.
3. A Budget Summary Sheet should be prepared for EACH COST CENTER or DEPARTMENT itemizing the five-year budget by object of expenditure. A blank Budget Summary Sheet (File 92.) is enclosed. It supersedes File 92. presently in your Planning Book. Please use Account Descriptions found on File 90.001.



OPERATIONAL DATA

Appendix 2d

ORIGINATOR: A/President *ADK*
DISTRIBUTION: W/All Planning Book Holders
SUBJECT: 1978-83 Budget Guidelines

	THIS	REPLACES
FILE:	92.001	92.001
DATE:	5/30/78	5/17/77
PAGE:	2 OF 2	1 OF 1

4. Two additional Budget Summary Sheets should be prepared by each administrator having responsibility for two or more cost centers or departments:
 - (1) File 92. summarizing the objects of expenditure for all cost centers in your area.
 - (2) A separate Budget Summary Sheet listing each cost center and its total five-year budget request. A blank Budget Summary Sheet (File 93.) is enclosed. It supersedes the blank (no file number) Budget Summary Sheet in your Planning Book.
5. A Program/Project Data Sheet to support each proposed program or project that exceeds the budget targets. Each such project should be accompanied by its own Budget Summary Sheet and any other pertinent supporting documentation.

DEADLINE:

The deadline for submission of budgets within the targets and venture fund requests is June 30, 1978.

ADDITIONAL GUIDELINES:

Deans may issue additional guidelines and deadlines within their area of responsibility.

QUESTIONS OR ASSISTANCE:

Contact Business Manager or Director of Planning & Research.



ORIGINATOR: President *WJC*
DISTRIBUTION: All Planning Book Holders
SUBJECT: Budget Targets, 1978-83

THIS REPLACES
FILE: 92.005
DATE: 5/30/78
PAGE: 1 of 2

19	19	19	77-78	78-79	79-80	80-81	81-82	82-83
ACTUAL	MAJOR PROGRAM AREA	YEARLY BUDGET	Current Year					
1	Instruction ¹	Amount	2,947,266	2,706,736	2,829,527	3,008,764	3,200,215	3,404,531
2		%	58.13	54.06	55.22	55.22	55.22	55.22
3	Adult & Continuing Education	Amount	83,974	77,295	80,802	86,089	91,567	97,413
4		%	1.66	1.54	1.58	1.58	1.58	1.58
5	Student Services ^{1, 2}	Amount	389,060	357,142	373,344	397,209	422,484	449,457
6		%	7.67	7.13	7.29	7.29	7.29	7.29
7	Business Affairs	Amount	1,048,540	962,933	1,006,616	1,090,122	1,138,215	1,210,884
8		%	20.68	19.23	19.64	19.64	19.64	19.64
9	Other ¹	Amount	601,211	552,243	577,296	614,067	653,141	694,840
10		%	11.86	11.03	11.27	11.27	11.27	11.27
11	All Programs	Amount	5,070,051	4,656,349	4,867,585	5,176,252	5,505,622	5,857,123
12		%	100.00	93.00	95.00	95.00	95.00	95.00
13	Venture Fund ³	Amount		250,341	256,189	272,434	289,770	308,270
14		%		5.00	5.00	5.00	5.00	5.00
15	¹ Includes institutional and federal allocations to AIDP, 1977-79; assumes no more federal funds for AIDP activities after December 31, 1978.							
16	² Includes Student Activities Budget.							
17	³ Venture Fund set at 5% of Total Annual Budget							

Appendix 2e



ORIGINATOR: President *Adm*
DISTRIBUTION: All Planning Book Holders
SUBJECT: Budget Targets, 1978-83

FILE: 92.005
DATE: 5/30/78
PAGE: 2 of 2

THIS REPLACES
92.005
5/17/78
2 of 2

19	MAJOR PROGRAM AREA	19	77-78	78-79	79-80	80-81	81-82	82-83
ACTUAL		YEARLY BUDGET	Current Year					
1	Contingency Fund	Amount		100.137 ⁴	0 ⁵	0 ⁵	0 ⁵	0 ⁵
2		%		2.00	0.00	0.00	0.00	0.00
3	Total Annual Budget ⁶	Amount	5,070.051	5,006.827	5,123.774	5,448.686	5,795.392	6,165.395
4		%	100.00	100.00	100.00	100.00	100.00	100.00
5								
6								
7								
8								
9								
10								
11								
12								
13	⁴ Contingency Fund for 1978-79 set at 2% of Total 1978-79 Budget							
14	⁵ If any portion of Contingency Fund is spent, it should be replenished out of new revenues to 2% of Total Annual Budget.							
5	⁶ Percentages may not total to 100.00% due to rounding.							
6								
7								

() Denotes Loss

Appendix 2a

46 A



OPERATIONAL DATA

Appendix 3a

ORIGINATOR: C/Dean of Instruction
DISTRIBUTION: V/All Subordinate Planning Book Holders
SUBJECT: Procedures used for determining Sections
Faculty, and Salary Requirements for
Instructional Programs

	THIS	REPLACES
FILE:	77.001	
DATE:	6/16/78	
PAGE:	1 of 1	OF

Number of Sections (File 77):

- (1) Estimated institution-wide enrollment and CHP based on enrollment assumptions (File 31.001) and objectives (File 52.001, 52.002).
- (2) Students are assumed to distribute themselves across courses and campus centers in the same proportion as in the average of the past three years.
- (3) Number of sections required are obtained by dividing projected enrollment in each course by approved class sizes.

FTE Faculty Requirements (File 88):

A full-time load is set at 20 or 21 contact hours: four 5 hour lectures, or three 7 hour labs, etc. Thus, FTE faculty requirements are obtained by dividing the number of lecture sections by 4, number of lab sections by 3, and number of sections of other courses by the appropriate number to equal 20 or 21 hours.

Faculty Salary Requirements (File 98):

- (1) Full-time faculty requirements are set at 70% of Fall FTE faculty requirements.
- (2) Full-time instructor salary requirements for fall, winter, and spring are obtained by multiplying the number of full-time faculty required by the average full-time salary at GSJC (Master's + 30 hours, 5 years experience). For future years, this salary rate is obtained by using the salary inflation rates set in File 92.001.
- (3) It is assumed that part-time instructors will teach fall, winter, and spring classes not assigned to full-time instructors. The part-time salary rate is set at \$650 for 1978-79 and increases by the same inflation rate as full time salaries thereafter.
- (4) It is assumed that summer classes will be taught by full-time faculty only. Thus, summer salary requirements are obtained by multiplying the number of FTE faculty required in the summer by the average full-time summer salary at GSJC (Master's + 30 hours, 5 years experience).

ORIGINATOR DEAN OF INSTRUCTION
 DISTRIBUTION - DIVISION CHAIRMEN
 SUBJECT-CLASS SCHEDULING GUIDELINES

GADSDEN STATE JR COLLEGE
 GADSDEN ALABAMA

ON CAMPUS FALL 1978

THIS REPLAC
 FILE - 77.110
 DATE 6/15/78
 PAGE - 1 OF 2 OF

DEPT	COURSE		ESTIMATED ENROLLMENT	RECOMMENDED CLASS SIZE	ESTIMATED TOTAL CREDIT HRS *	ESTIMATED NO SECTIONS NEEDED THIS QUARTER
BUS	121	NIGHT	36	30	180	1.20
BUS	130	NIGHT	28	18	140	1.56
BUS	181	NIGHT	27	30	135	.90
BUS	215	NIGHT	19	24	96	.80
BUS	235	NIGHT	23	30	115	.77
BUS	241	NIGHT	65	25	323	2.58
BUS	242	NIGHT	19	25	94	.75
BUS	274	NIGHT	11	25	54	.43
BUS	280	NIGHT	15	25	76	.61
BUS	121	DAY	107	30	534	3.56
BUS	130	DAY	37	18	185	2.06
BUS	181	DAY	16	30	79	.53
BUS	215	DAY	21	24	104	.87
BUS	235	DAY	20	30	102	.68
BUS	241	DAY	62	25	308	2.46
BUS	242	DAY	16	25	79	.63
BUS	261	DAY	25	30	127	.85
BUS	274	DAY	20	25	101	.81
BUS	280	DAY	11	25	56	.45

Appendix 3b



ORIGINATOR: C/Dean of Instruction
 DISTRIBUTION: Chairman, Division of Business
 SUBJECT: Projected FTE Instructor Requirements, Division of Business

CBA

FILE:
 DATE:
 PAGE:

THIS	REPLACES
88-110	88-110
6/2/78	6/15/77
1 of 1	

19	19						
ACTUAL	YEARLY BUDGET	1,0308	1,0299	1,0290	1,0282	1,0275	
Division of Business		78-79	79-80	80-81	81-82	82-83	
1 Dept. of Business Administration							
2 Fall		9.9	10.2	10.5	10.8	11.1	
3 Winter		7.8	8.0	8.2	8.4	8.6	
4 Spring		9.7	10.0	10.3	10.6	10.9	
5 Summer		5.8	6.0	6.2	6.4	6.6	
6							
7 Dept. of Secretarial Science							
8 Fall		3.1	3.2	3.3	3.4	3.5	
9 Winter		3.0	3.1	3.2	3.3	3.4	
10 Spring		2.6	2.7	2.8	2.9	3.0	
11 Summer		1.6	1.6	1.6	1.6	1.6	
12							
13 Division Totals:							
14 Fall		13.0	13.4	13.8	14.2	14.6	
15 Winter		10.8	11.1	11.4	11.7	12.0	
16 Spring		12.3	12.7	13.1	13.5	13.9	
17 Summer		7.4	7.6	7.8	8.0	8.2	

Appendix 3c



THIS IS NOT A BUDGET
FOR PLANNING PURPOSES ONLY

BUDGET SUMMARY

ORIGINATOR: C/Dean of Instruction *CBH*
DISTRIBUTION: Chairman, Division of Business
SUBJECT: Projected Instructor Salary Requirements, Division of Business

FILE: 98.110
DATE: 6/16/78
PAGE: 1 OF 1

CODE	DESCRIPTION	Yr. 1:	Yr. 2:	Yr. 3:	Yr. 4:	Yr. 5:	5 YR. TOTAL
		78-79	79-80	80-81	81-82	82-83	
	DIVISION OF BUSINESS						
	Dept. of Business Administration						
	Full-Time Salaries	148,694	164,627	182,122	201,284	222,293	919,020
	Part-Time Salaries	17,186	18,930	20,822	22,926	25,194	105,058
	Dept. Total:	165,880	183,557	202,944	224,210	247,487	1,024,078
	Dept. of Secretarial Science						
	Full-Time Salaries	45,487	50,143	55,243	60,818	66,917	279,608
	Part-Time Salaries	5,694	6,366	7,101	7,921	8,813	35,895
	Dept. Total:	51,181	56,509	62,344	68,739	75,730	314,503
	DIVISION TOTAL:						
	Full-Time Salaries	194,181	214,770	237,365	262,102	289,210	1,197,628
	Part-Time Salaries	22,880	25,296	27,923	30,847	34,007	140,953
	TOTAL:	217,061	240,066	265,288	292,949	323,217	1,338,581

UNIVERSITY OF CALIFORNIA
LOS ANGELES

Appendix 3d